

EXHIBIT F

Banks' responsibility for scams

By Seth Frotman – MAY 29, 2024

The Electronic Fund Transfer Act provides important protections when consumers suffer unauthorized withdrawals from their accounts. For instance, so long as a person promptly notifies their bank that access to their account has been stolen, the law limits the person's losses to \$50. As the name suggests, the Electronic Fund Transfer Act applies to transfers initiated electronically, such as through a computer or mobile device.

In an ongoing case, Citibank has been sued by the state of New York for failing to respond adequately when people promptly told the bank that scammers had stolen money by initiating wire transfers from the consumers' accounts online. The losses New York alleges people have suffered are serious: for example, New York alleges that one person discovered that a scammer had changed her online banking password, transferred money from her savings to her checking account, and then stole \$40,000 via wire transfer—all through Citibank's online banking platform. And New York alleges that instead of complying with the Electronic Fund Transfer Act's protections in circumstances like these, Citibank looked to a law that was intended to govern transactions between commercial entities which does not provide the same level of consumer protection to victims of scams.

In response to New York's allegations, Citibank has argued that the Electronic Fund Transfer Act doesn't apply because the scammers ultimately used a wire transfer to take the money, and the Act contains an exemption for transfers made by banks "by means of" a wire service.

That's incorrect, as the Consumer Financial Protection Bureau (CFPB) explained in a Statement of Interest (amicus brief) submitted yesterday. When a bank connects wire transfer capabilities to its online consumer banking platform and a person authorizes (or a scammer purports to authorize) a transfer online, the Electronic Fund Transfer Act applies to the transaction except for the bank-to-bank portion of it.

The CFPB will keep working to ensure that banks and other financial institutions meet their legal obligations, including protecting people from scammers.

The case is *New York v. Citibank N.A.*, No. 1:24-cv-00659-JPO (S.D.N.Y.).

[Read CFPB's Statement of Interest \(cfpb.gov/compliance/amicus/briefs/new-york-v-citibank-na/\)](https://www.consumerfinance.gov/compliance/amicus/briefs/new-york-v-citibank-na/).

If you have had a problem with a bank's handling of your checking or savings account, you can [submit a complaint with the CFPB](https://cfpb.gov/complaint/) (cfpb.gov/complaint/).

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